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Republican Policy Committee
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Graham/Bumpers Welfare Funding Amendment: A Wolf in Sheep's Clothing

Senators Graham and Bumpers are expected to offer a block grant redistribution amendment to H.R. 4 that is unfair to many children living in poverty, is arbitrary in its treatment of states, and is plainly lethal to the prospects of enacting welfare reform.

The amendment's sponsors claim that their funding formula is the ultimate in fairness: "a poor child in one state should not be worth less than a poor child in another" they assert in their press releases. Thus, one would expect their amendment to treat every poor child the same, without regard to state residence. However, this is not the case. Under the Graham/Bumpers amendment's new block grant formula, funding for a poor child living in Vermont would average $4,450, while the amendment's "fair share" for a poor child living in Texas would be just $982.

Some Children And Some States Are "More Equal" Than Others

- Under the reverse logic of the Graham/Bumpers amendment, a poor child living in Montana would receive 75 percent more money than a poor child living in New York, despite the fact that Montana's cost-of-living ranks 29th among states while New York has the fifth highest cost of living in the nation.

- Instead of treating all states fairly, the Graham/Bumpers amendment finances 80 percent of its multi-billion dollar redistribution of welfare funds at the expense of just six states: California, Connecticut, Maryland, Massachusetts, New Jersey, and New York. Eight other states will incur substantial reduction in their block grants as well. On the other side of the coin, the Graham/Bumpers amendment arbitrarily rewards 15 states and the District of Columbia with significant funding increases under a so-called "small state allowance" provision that has nothing to do with the number of children in poverty.

- And finally, the Graham/Bumpers amendment would pit the House of Representatives and the U.S. Senate against each other in an intractable funding dispute, killing any hopes of passing comprehensive welfare reform.

Children Not Valued Equally: High Cost of Living Ignored

Despite the claims of the amendment's supporters, the Graham/Bumpers formula does not "treat all children equally." Similar to its treatment of states, the Graham/Bumpers amendment makes some children in poverty winners and many others losers.

The wide disparity in the cost of living among states is completely ignored. For example, New Jersey's cost-of-living is the second **highest** in the country, second only to Hawaii. Yet, under the Graham/Bumpers amendment, the allocation per child in poverty for New Jersey in FY98 is the same as for Kentucky and West Virginia which, respectively, have the second and third **lowest** cost-of-living rates in the country.

In all, 14 states lose big under the Graham/Bumpers formula. Seven of these 14 states are states where the cost-of-living historically exceeds the national average (i.e., California, Connecticut, Massachusetts, New Jersey, New York, Pennsylvania, and Washington). Yet under the Graham/Bumpers amendment, none of these seven states receives a per-child-in-poverty allocation above the national average.

However, the Graham/Bumpers amendment is quite generous to children in a number of other states, regardless of their cost of living. For example, 14 states under the Graham/Bumpers amendment receive per-child-in-poverty allocations in excess of the average expenditure of $1,162 in FY98. Moreover, five of these 14 states (i.e., Montana, Nebraska, North Dakota, South Dakota, and Wyoming) receive per child allocations well above the national average, despite the fact that the cost of living in each of these five states is well below the national average. Case in point: In FY98, the Graham/Bumpers amendment would provide Montana with $2,030 per child living in poverty (i.e., $868 above the average allocation), while providing New York (whose cost of living is significantly higher than Montana's) with just $1,162 per child.

This is not equal treatment; it is picking winners and losers from among our nation's poorest children.

Graham/Bumpers: 14 States Share the Burden – the Rest Share the Ride

The Graham/Bumpers amendment would redistribute approximately $8.7 billion in block grant funds over three years (FY96-98). The $8.7 billion is derived from reducing the block grant levels of 14 states (California, Connecticut, Iowa, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Ohio, Oregon, Pennsylvania, Washington, and Wisconsin) and redistributing the amount among the 36 remaining states and the District of Columbia based, allegedly, on the number of poor children in each state relative to the number of poor children nationally. The Graham/Bumpers amendment also provides extra funding to 15 "small states" and the District of Columbia without regard to their number of children in poverty or their cost of living.

The rationale behind the Graham/Bumpers amendment, according to its sponsors, is to fix "historical inequities" in current welfare funding. For example, proponents of the Graham/Bumpers amendment are quick to point out that the federal government provides New York nearly seven and one-half times more money per child in poverty than it gives Arkansas.

What they fail to point out, however, is that New York **spends** over 22 times more of its own money on each poor child than does Arkansas. Under current law, the federal-state match for New York is 50 percent; for every dollar of its own money New York has spent on welfare, the federal government has been reimbursing the state 50 cents. By contrast, for every dollar Arkansas has spent on welfare, the federal government has been reimbursing the state 74.5 cents.

Case in point: In FY94, the per-child-in-poverty expenditure in Arkansas was $517, for which Arkansas was reimbursed roughly $385 (i.e., 74.5 percent) by the federal government, leaving the State of Arkansas with a net per-child-expenditure of just $132 in FY94. In New York by contrast, the per-child-in-poverty expenditure was $5,774, of which $2,887 (i.e., 50 percent) represented the State of New York's net per-child-expenditure.

Graham/Bumpers: A Poison Pill for the House of Representatives

The Graham/Bumpers amendment aims at derailing welfare reform by exploiting the constitutional differences between the Senate and the House. In theory, because the number of states that "win" under the Graham/Bumpers proposal (i.e., 36) greatly exceeds the number that "lose" (i.e., 14), support for its passage should be overwhelming in the Senate. However, the opposite is true of the Graham/Bumpers proposal in the House of Representatives.

The 14 states that lose under this amendment represent just 28 votes in Senate; those same 14 states, however, represent 212 votes in the House. A quick look at the House votes involved illustrates why passage of the Graham/Bumpers amendment is tantamount to defeat of the welfare reform bill. The Family Self-Sufficiency Act of 1195, H.R. 4, passed the House on March, 24, 1995 by a vote of 234-199. The final tally was just 16 votes beyond the 218 majority needed for passage.

- Of the 234 Members who voted in favor of H.R. 4 in the House, 107 are from states that would lose under the Graham/Bumpers amendment, 106 Republicans and 1 Democrat. The arithmetic is simple: a welfare bill that passed with just 16 votes to spare, cannot survive an amendment that jeopardizes the votes of 107 of its supporters.

These 212 House Members represent nearly half of the nation's population along with nearly half the nation's children in poverty — in all of these communities, children will "lose" under the Graham/Bumpers amendment.

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